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Paper No. 13
HWR

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re First Security Capital, L.L.C.

Serial No. 75/518,504

William J. Mason of Rhodes & Mason, PLLC for First Security Capital, L.L.C.

Robert C. Clark, Jr., Trademark Examining Attorney, Law Office 108 (David Shallant, Managing Attorney).

Before Hairston, Chapman and Wendel, Administrative Trademark Judges.

Opinion by Wendel, Administrative Trademark Judge:

First Security Capital, L.L.C. has filed an application to register the mark OPTION CONVERSION LOAN for "financial services, namely, making loans of up to 90% of the value of the shares in a company that have been converted from either vested incentive stock options and/or vested non-qualified stock options by an employee of that company prior to loan funding."¹

¹ Serial No. 75/518,504, filed July 14, 1998, based on an allegation of a bona fide intention to use the mark in commerce.

Registration has been finally refused under Section 2(e)(1) of the Trademark Act on the ground that the mark is merely descriptive, when used, as intended, with applicant's services. The refusal has been appealed and both applicant and the Examining Attorney have filed briefs. An oral hearing was originally requested but subsequently waived.

A term or phrase is merely descriptive within the meaning of Section 2(e)(1) if it immediately conveys information about a characteristic or feature of the goods or services with which it is being used, or is intended to be used. See *In re Abcor Development Corp.*, 588 F.2d 811, 200 USPQ 215 (CCPA 1978). Whether or not a particular term or phrase is merely descriptive is determined not in the abstract, but rather in relation to the goods or services for which registration is sought, the context in which the designation is being used, or is intended to be used, and the significance the designation is likely to have to the average purchaser as he or she encounters the goods or services bearing the designation, because of the manner in which it is used. See *In re Bright-Crest, Ltd.*, 204 USPQ 591 (TTAB 1979). It is not necessary that the term or phrase describe all the characteristics or features of the goods or services in order to be merely descriptive; it is

sufficient if the term or phrase describes one significant attribute thereof. See *In re Pennzoil Products Co.*, 20 USPQ2d 1753 (TTAB 1991).

Applicant has acknowledged that the term "option," as used in the financial field, means the right to purchase stock at a given price within a given time frame and that when this option is exercised, the "option" has been "converted." (Brief, p. 3). Thus, the phrase "option conversion" has come into use, as also shown by Nexis excerpts relied upon by the Examining Attorney.

Applicant's contention is that this use of "option conversion" as a term in the financial field does not render its mark OPTION CONVERSION LOAN merely descriptive of its particular loan services. Applicant argues that although the mark may suggest that some sort of loan is involved and that it has something to do with "option conversion," it does not immediately describe the exact type of loan that applicant is offering. Applicant notes that while persons often borrow money to exercise stock options, and thus such a loan might be a logical interpretation of OPTION CONVERSION LOAN, applicant's services are specifically directed to loans secured by stock which has been converted prior to the loan.

The problem with applicant's arguments is that the mark OPTION CONVERSION LOAN is not to be considered in the abstract, but rather in relation to the specific services identified in the application. Applicant's services are identified as making loans on shares "*that have been converted from either vested incentive stock options and/or vested non-qualified stock options ... prior to the loan funding.*" The issue of descriptiveness is determined by considering the mark as it is, or is intended to be, used with these services. Whether purchasers would guess what the specific services are from consideration of the mark alone is not the test. See *In re American Greetings Corp.*, 226 USPQ 365 (TTAB 1985).

When purchasers encounter the mark OPTION CONVERSION LOAN being used in connection with the services identified in the application, the mark would immediately be recognized as describing a significant feature of applicant's loans, namely, that the loans are made using as collateral stock shares obtained by option conversion prior to obtaining the loans. The fact that OPTION CONVERSION LOAN might have another recognizable meaning, namely, providing a loan in order to exercise the stock option is irrelevant. This meaning is applicable only to a totally

different type of loan service from the service identified as that to be offered by applicant.

Accordingly, we find the mark OPTION CONVERSION LOAN merely descriptive if used, as intended, by applicant in connection with financial services involving the making of loans of up to 90% of the value of the shares in a company that have been converted from either vested incentive stock options and/or vested non-qualified stock options by an employee of that company prior to loan funding.

Decision: The refusal to register under Section 2(e)(1) is affirmed.

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